

Senate Study Bill 1259 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
AGRICULTURE BILL BY
CHAIRPERSON SENG)

A BILL FOR

1 An Act establishing farm-owned distributed generation facility
2 purchase requirements applicable to specified utilities and
3 cooperatives, making penalties applicable, and including
4 effective date provisions.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. **476.49 Distributed generation —**
2 **purchase requirements — penalties.**

3 1. Notwithstanding section 476.44 or any other provision
4 of law to the contrary, the board shall require rate-regulated
5 public utilities and generation and transmission electric
6 cooperatives to purchase specified amounts of their required
7 electrical output from distributed generation facilities. For
8 purposes of this section, "*distributed generation facility*"
9 means a biomass conversion facility, a solar energy conversion
10 facility, or a wind energy conversion facility, as those
11 terms are defined in section 476C.1, which is located on
12 farm property and meets the requirements of section 476C.1,
13 subsection 6, paragraph "a", and section 476C.1, subsection 6,
14 paragraph "b", subparagraph (2) or (6). For purposes of this
15 section, "*generation and transmission electric cooperatives*"
16 means the same as defined in section 437A.3, subsection 10.

17 2. An electric utility or generation and transmission
18 electric cooperative subject to this section shall submit
19 filings to the board documenting the following:

20 a. (1) That by July 1, 2020, the utility or cooperative
21 is purchasing a minimum of two percent of their required
22 electrical output from distributed generation facilities.
23 The utility or cooperative shall submit a filing by January
24 1, 2016, and by each January 1 through January 1, 2020,
25 demonstrating proportional progress toward attainment of this
26 requirement.

27 (2) That the electricity is purchased from distributed
28 generation facilities in the following percentage amounts:

29 (i) Sixty percent from wind energy conversion facilities.
30 Of this sixty percent, fifteen percent shall be purchased
31 from facilities with a nameplate generating capacity or the
32 energy production capacity equivalent of each of the following:
33 between zero and ten kilowatts; between ten and one hundred
34 kilowatts; between one hundred and one thousand kilowatts; and
35 between one thousand and two thousand five hundred kilowatts.

1 (ii) Twenty percent from solar energy conversion
2 facilities. Of this twenty percent, five percent shall be
3 purchased from facilities with a nameplate generating capacity
4 or the energy production capacity equivalent of each of the
5 following: between zero and ten kilowatts; between ten and
6 twenty kilowatts; between twenty and one hundred kilowatts; and
7 between one hundred and two thousand five hundred kilowatts.

8 (iii) Twenty percent from biomass conversion facilities.
9 Of this twenty percent, five percent shall be purchased from
10 facilities with a nameplate generating capacity or the energy
11 production capacity equivalent of each of the following:
12 between zero and one hundred kilowatts; between one hundred and
13 five hundred kilowatts; between five hundred and one thousand
14 kilowatts; and between one thousand kilowatts and two thousand
15 five hundred kilowatts.

16 (3) If the utility or cooperative fails to document
17 purchasing of the required amounts and percentages of
18 electricity from distributed generation facilities pursuant to
19 this paragraph "a", the utility or cooperative shall be subject
20 to the penalty provisions of section 476A.14, and possible
21 suspension or revocation of a license or permit as determined
22 by the board by rule.

23 b. That the utility or cooperative is in compliance with all
24 applicable rules relating to distributed generation facilities
25 adopted by the board.

26 3. a. The board shall develop standard offer contract
27 forms and utilize existing standard interconnection forms to
28 facilitate interconnection between the utility or cooperative
29 and a distributed generation facility as required pursuant to
30 this section. The standard offer contracts shall continue
31 in effect for a twenty-year period, subject to termination
32 provisions for failure to perform, to be established by the
33 board by rule. The board shall ensure that the contracts are
34 calculated at reasonable rates which reflect and are based on
35 the utility's cost, inclusive of its rate of return, for the

1 new development of the form and size of alternate energy which
2 is subject to the interconnection. Rates shall remain fixed
3 once a contract is entered into. Rates for new projects should
4 be periodically reviewed by the board to assure the rates are
5 sufficient to facilitate development. The forms shall be made
6 available for utilization by July 1, 2015.

7 b. The contracts shall be made available to any distributed
8 generation facility of up to two and one-half megawatts of
9 nameplate generating capacity. In satisfying the minimum
10 purchase requirements in each respective percentage category
11 specified in subsection 2, a utility or cooperative shall
12 enter into every contract proposed by a distributed generation
13 facility which meets the requirements of this section.

14 c. The standard offer contracts shall not contain any
15 provision or impose any requirement which could create
16 or constitute an unreasonable barrier to or burden on the
17 development of distributed generation in this state.

18 Sec. 2. EFFECTIVE UPON ENACTMENT. This Act, being deemed of
19 immediate importance, takes effect upon enactment.

20	EXPLANATION
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21 The inclusion of this explanation does not constitute agreement with
22 the explanation's substance by the members of the general assembly.

23 This bill establishes farm-owned distributed generation
24 facility purchase requirements applicable to certain public
25 utilities and generation and transmission electric cooperatives
26 to purchase designated amounts of their required electrical
27 output from distributed generation facilities.

28 The bill defines a "distributed generation facility" to
29 mean a biomass conversion facility, solar energy conversion
30 facility or a wind energy conversion facility as those terms
31 are defined in Code section 47C.1, and located, owned, and
32 defined as provided in that Code section. Accordingly,
33 such facilities would be located in Iowa and consist of an
34 authorized farm corporation, and authorized limited liability
35 company, an authorized trust, a family farm corporation or

1 limited liability company, specified other forms of trusts, or
2 a cooperative corporation organized pursuant to Code chapter
3 497 or a limited liability company organized pursuant to Code
4 chapter 489 whose shares and membership are held by an entity
5 that is not prohibited from owning agricultural land under Code
6 chapter 9H. The bill defines a "generation and transmission
7 electric cooperative" with reference to Code section 437A.3 as
8 meaning an electric cooperative which owns both transmission
9 lines and property which is used to generate electricity.

10 The bill provides that an electric utility or generation
11 and transmission electric cooperative shall submit filings to
12 the Iowa utilities board indicating that they are purchasing a
13 minimum of 2 percent of their required electrical output from
14 distributed generation facilities by July 1, 2020, and earlier
15 filings demonstrating proportional progress toward that goal.
16 Additionally, the filings shall demonstrate that electricity
17 is being purchased from wind energy conversion facilities,
18 solar energy conversion facilities, and biomass conversion
19 facilities in specified percentages and from facilities of
20 specified nameplate generating capacities or energy production
21 capacity equivalents. Further, the filings shall specify that
22 the utility or cooperative is in compliance with all applicable
23 rules relating to distributed generation facilities adopted by
24 the board.

25 The bill requires the board to develop standard offer
26 contract forms and utilize existing standard interconnection
27 forms to facilitate interconnection between the utility
28 or cooperative and a distributed generation facility. The
29 contracts shall continue in effect for a 20-year period, and
30 shall be calculated at reasonable rates which shall remain
31 fixed once a contract is entered into. The bill provides that
32 contracts shall be made available to any distributed generation
33 facility of up to 2.5 megawatts of nameplate generating
34 capacity, and that a utility or cooperative shall enter into
35 every contract proposed by a distributed generation facility

1 which meets the bill's requirements.

2 The bill provides that a utility or cooperative which fails
3 to document purchasing the required amounts and percentages of
4 electricity shall be subject to the penalty provisions of Code
5 section 476A.14. Those provisions consist of a civil penalty
6 of not more than \$10,000 for each violation or for each day
7 of continuing violation, injunctive relief, and the criminal
8 penalty of a simple misdemeanor punishable by confinement for
9 no more than 30 days or a fine of at least \$65 but not more than
10 \$625 or by both. Further, the bill adds that the utility or
11 cooperative could face possible suspension or revocation of a
12 license or permit as determined by the board by rule.

13 The bill takes effect upon enactment.